# FY2016 E-rate Training

# **Preparing for FY 2016**

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# FY 2016 E-rate



E-rate 2016 Funding Year

## What we now know

- CAP - $3.9 Billion

  – All requests were funded in FY2015

  – We have been told by the FCC that all FY2016 requests will be funded as well

- Districts get their discount based upon district numbers

  – Alternative, Vocational, New School

    - Discount = district discount
    - For C2 budget, students are double counted (highest snapshot of day)

## What we now know

- C2 funding is based upon student count in the schools

    – $150 per student for 5 years

    – C2 Discount is capped at 85%

    – C2 funding only goes to schools, not NIFs

    – NIF with Classrooms = NIF

    – You have to keep up with your C2 budget

        - Tool is on the way to help

USAC
Universal Service Administrative Company®

## **What we now know**

- The Portal (EPC) is here

  – All online forms

  – No more RNLs, RALs, FCDLs, 486 letters… all in EPC

  – CSB contacts through EPC

  – You assign tasks to other members of your district

  – Build your district profile once, then modify

  – No more PINs, certify if you have the right to do so

  – Can do most everything from any device, anywhere

## Who can file forms

- An individual school that is part of a school district cannot file a program form on its own, but must be featured on its school district program form because it is a child entity on the school district's (the parent entity's) organization account.

- A school district or a library system cannot file a consortium application, because its organization's account in EPC is not set up as a consortium.

## What we now know

- State E-rate Coordinators (SECs) will now have access into their constituents profiles. For example, the school state E-rate coordinators have been granted view-only access into the profiles of the public schools in their state. They will not be able to file forms on behalf of the public schools unless the schools specifically provide those rights to their state school coordinator.

- The schools can request that the SECs be removed from their portal account.

**The three most common parent-child relationships in EPC are:**

- A school district (parent entity) to the individual schools and non-instructional facilities (NIFs) that are part of that school district (child entities)

- A library system (parent entity) to the individual library outlets/branches and NIFs that are part of that library system (child entities)

- A consortium leader (parent entity) to the members of the consortium (child entities).

## Districts need two entity numbers

- In the past, some school districts used the entity number of their administrative building (a NIF) to represent both the school district and the NIF. For FY2016, these school districts must have two entity numbers – one to represent the school district and one to represent the NIF.

- Following the same logic, a consortium leader that is also an eligible entity must have two entity numbers – one to represent the parent entity (the consortium) and one to represent the eligible entity (for example, if the consortium leader is also an independent school, which may or may not be a member of the consortium).

## An Independent School

- A school that is not part of a school district, does not share a common board with other schools, and is individually responsible for its finances and administration – can file a program form (a parent entity role) and also be eligible for discounts (a child entity role) using the same entity number.

## A consortium

- As parent entity – can have members (child entities) that are also parent entities in their own right. For example, a school district or a library system can be a member of a consortium (in the role of a child entity of the parent consortium) while also acting as the parent to its own schools in the school district or library outlets/branches in the library system, respectively. In this case, the library system or school district does not need a second entity number to identify its role as a child entity of the consortium

## Schools

- If several school buildings are located on the same campus – i.e., no public right-of-way crosses between the buildings – and all of the buildings are considered part of that school you do not need a separate entity number for each building.

- If one of the buildings serves multiple entities – for example, a separate cafeteria facility on a high school campus that functions as a central kitchen for all of the schools in the school district – that entity needs its own entity number regardless of whether the buildings are separated by a public right-of-way.

- If several schools are located in the same building each school should have its own entity number.

## Single school with multiple locations

- If one school has multiple locations (in other words, a school considered to be a single school by the state consists of multiple buildings separated by one or more public rights of way), each location can be identified as an "annex" in the school's profile in the E-rate Productivity Center (EPC). Annex is a new term for FY2016. Designating locations other than the main location as annexes removes the requirement for applicants to request a separate entity number and confirms that those other locations are not eligible for separate [Category Two budgets](#).

## Non-Instructional Facilities (NIF)

- A school NIF located on the same campus and serving only that school does not need a separate entity number.

- An administrative office or wing located in a school is not considered a NIF but rather part of that school or library building.

- Administrative offices that serve multiple schools may be located on the campus of an individual school. However, they are considered NIFs and should have their own entity numbers because they serve more than just the school on whose campus they are located.

- NIFs can be on property owned by a school district  or they may simply be rented space in a building such as a town hall.

## Non-Instructional Facilities (NIF)

- In some cases, a school facility can be considered a NIF even though it has one or more classrooms. For example, a school district administrative building may have a classroom that is used by a specific group of students or by a population of students that changes from day to day. Even if a school NIF has one or more classrooms, it is still considered a NIF and is not eligible for a Category Two budget.

# QUESTIONS?

# Eligible Services

## Eligible Category One Costs – Dark and Lit Fiber

- The Second E-rate Modernization Order equalized lit and dark fiber.

- Dark fiber special construction is now eligible both within and beyond the property line.

- Modulating electronics to light dark fiber is eligible.

- Due to the equalization of fiber, eligible costs for lit vs dark fiber has been removed.

## Other Category One Modifications

- Integrated Services Digital Network (ISDN) is added to the list of eligible Voice Services.

  - ISDN must be selected in the Voice Services category if it is being used for voice.

- Data plans and air cards for mobile devices include additional explanations of eligibility.

## Eligibility Limitations of Data Plans

- Data plans and air cards for mobile devices are eligible only:

  - If you can demonstrate that individual data plans are the most cost-effective option for providing internal broadband access for mobile devices  or

  - Installing a Wireless Local Area Network (WLAN) is not physically possible.

- Seeking support for data plans or air cards for mobile devices for use in a school or library with an existing broadband connection and WLAN implicates the E-rate Program's prohibition on requests for duplicative services.

## Eligible Category Two Services - Firewall

- Firewall protection provided by a vendor other than the Internet access provider OR priced separately is considered Internal Connections.

## Other Category Two Minor Clarifications

- Bug fixes, security patches and online and telephone-based technical assistance still do not have to demonstrate work being performed to receive Basic Maintenance Internal Connections (BMIC) support.

- Network monitoring and management functions remain eligible only as Managed Internal Broadband Services.

# QUESTIONS?

# Eligible Services

## **Category One**

## **What is Category One?**

- Category One primarily supports broadband connectivity to schools and libraries.

- Category One primarily supports Internet Access to schools and libraries.

- Category One also supports voice service which is subject to a phase down of support as of FY2015.

## Voice Service

- Starting with FY2015, voice services are subject to a 20% reduction continuing until FY2019 when all voice services are phased out.

- For FY2016, the reduction to voice services is 40%.

| Discount % | FY2015 -20% | FY2016 -40% | FY2017 -60% | FY2018 -80% | FY2019 -100% |
|---|---|---|---|---|---|
| 90 | 70 | 50 | 30 | 10 | 0 |
| 80 | 60 | 40 | 20 | 0 | 0 |
| 70 | 50 | 30 | 10 | 0 | 0 |
| 60 | 40 | 20 | 0 | 0 | 0 |
| 50 | 30 | 10 | 0 | 0 | 0 |
| 40 | 20 | 0 | 0 | 0 | 0 |
| 30 | 10 | 0 | 0 | 0 | 0 |
| 25 | 5 | 0 | 0 | 0 | 0 |
| 20 | 0 | 0 | 0 | 0 | 0 |

## Circuits and the Voice Phasedown

- Circuits are subject to the voice phasedown if any portion of the circuit is dedicated to voice.

  – Circuits wholly dedicated to voice such as PRIs and SIP trunks are fully subject to the phase down.

  – A T-1 used for voice is subject to the phasedown if any of the channels are dedicated to voice.

- If there is a voice application running over a data circuit with no portion of the circuit dedicated to voice (e.g. QoS), the circuit is not subject to the phase down.

- VoIP service bundled with Internet access requires cost allocation to separate the voice from the Internet charges.

# QUESTIONS?

# Eligible Services

# **Category Two**

## What is Category Two?

- Category Two includes equipment and services needed to bring broadband into and throughout schools and libraries.

- Subject to five-year budgets for schools and libraries.

- Category Two includes internal connections, basic maintenance of internal connections and managed internal broadband service.

## Eligible Internal Connections

- Access points

- Cabling

- Caching

- Firewalls

- Switches

- Routers

- Racks

- UPS

- Wireless LAN Controllers

- Improvements, upgrades and software necessary to support eligible broadband internal connections components

## Managed Internal Broadband Services (e.g. Managed Wi-Fi)

- Services provided by a third party:

  – Operation

  – Management

  – And/or monitoring of eligible broadband internal connection components

- The third party may manage the school or library's equipment or provide the equipment as part of a lease.

## Miscellaneous Charges

- Eligible Charges

  – Taxes, surcharges and other similar reasonable charges

  – Lease fees to rent or lease eligible components

  – Shipping charges

  – Training

  – Installation and configuration

    - Installation may be provided by a third party

# QUESTIONS?

Eligible Services

# Category Two Budgets

## What are Category Two budgets?

- Each school or library receiving Category Two support between FY2015 and 2019 will have a five-year budget for Category Two products and services (those that distribute broadband *within* schools and libraries).

  - Category Two products and services include Internal Connections, Managed Internal Broadband Services, and Basic Maintenance of Internal Connections.

  - Products and services ordered in excess of an entity's Category Two budget will not receive E-rate discounts.

  - There is no budget for Category One services (those that connect broadband *to* schools and libraries).

## Which entities have Category Two budgets?

- Each individual school and each library outlet or branch has a pre-discount budget. School districts or library systems may not average their costs across multiple school or library budgets.

- Non-instructional facilities (NIFs) – including school NIFs with classrooms and administrative buildings – do not have pre-discount budgets.

  – If a NIF is essential for the effective transport of information to or within a school or library, the applicant must allocate the NIF costs to the entities benefiting from the service while the costs for ineligible services to a NIF should be allocated out.

## How much is my budget?

- The pre-discount budget for a school is calculated by multiplying the total number of students at the school by $150, with a minimum of $9,200 if the school has fewer than 62 students.

- The pre-discount budget for a library is calculated by multiplying the total area in square feet – including all areas enclosed by the outer walls of the library and occupied by the library – by $2.30, with a minimum of $9,200 if the library is less than 4,000 square feet.

  – Libraries located in cities and urbanized areas with a population of 250,000 or more are eligible for a budget of $5 per square foot.

## What period of time does my budget cover?

- The pre-discount budget calculation is for a five-year period, starting with the first funding year in which you receive Category Two support.

  – However, you can apportion your pre-discount budget in a manner that best meets your needs. You could spend all of it in FY2016, spend 1/5 each year, or any other combination up to your total.

- Does everyone know when the five-year period begins?

## Can my budget change from year to year?

- Your pre-discount budget in FY2016 is decreased based on all commitments where your entity is listed as a recipient starting with FY2015 commitments.

  – It could go up in FY2016 if your student count or square footage increases, or down if your student count decreases.

## How are services counted against my budget?

- Any funding commitments that included your entity as a recipient of service in FY2015 count against your pre-discount budget for that entity.

- If funding is remaining on a funding request, you can file an FCC Form 500 to return the funding to USAC.

  - If entities are sharing the service, we will need specific information so that we know how to apply the returned funds to specific entities.

- If you need to return funds you will need to fill out a Payment Identification Worksheet.

# QUESTIONS?

# Contracts?

## You do your own contract

- You must abide by all State Procurement Rules

- You must evaluate all responses to your 470

- You must sign and date the contract

- You must state in the contract that the Term of the contract starts July 1st of the funding year even though you signed the contract earlier

- You should include in your RFP your preference for SPI or BEAR

- You should have price redeterminations every 18 months of the contract

## When you request a quote from a vendor make sure:

- The vendor clearly separates eligible costs from ineligible costs

- The vendor includes all eligible surcharges

- The vendor identifies fiber services vs copper services vs microwave

- The quote is signed and dated by vendor

- The vendor identifies single item cost rather than total cost

- The vendor identifies on the quote your choice for discounts, BEAR or SPI

## What you can't do

- You cannot have open-ended contract – contracts with automatic renewals or extensions
  - <span style="color:red">Contracts must have an end date</span>

- You cannot have contract extended by "Following the expiration of the Applicable Term, this Agreement shall continue in effect on a month-to-month basis until canceled by either party…"

  - If you want to got to month-to-month then you have to file a 470

# QUESTIONS?

# Direct BEAR Payment Process

## FCC Form 472 – Changes – beginning July 1, 2016

- Online Only - via EPC Portal

- Paper BEAR will be discontinued July 1, 2016

- Certifications to change

- No longer require service provider certification

- May require some information during invoice review

- Applicants paid directly via electronic transfer

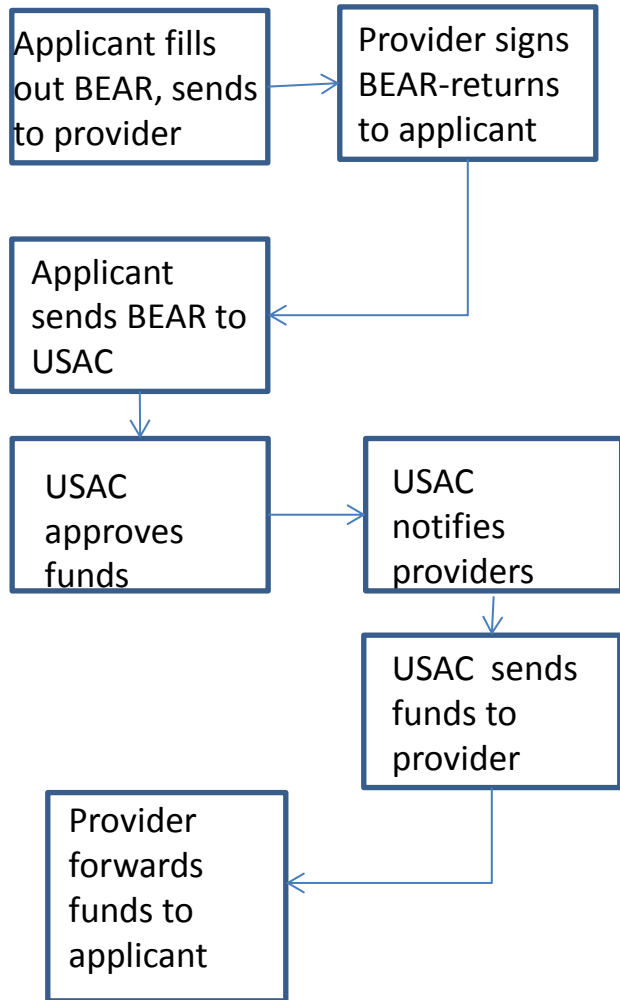## FCC Form 472 – Changes – beginning July 1, 2016

- Applicant logs into EPC portal to access invoice

- Applicant fills in information: SPIN

- Applicant fills in request: FCC Form 471 number, FRN, Dates, Amounts

- Applicant reviews and certifies information

- Applicant submits BEAR – only online

  – No service provider Certification Required
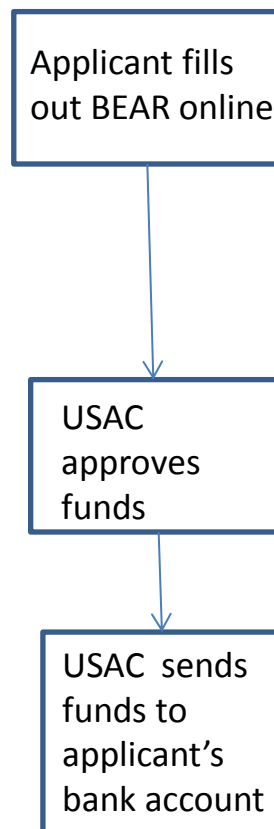
## Direct Payment – beginning July 1, 2016

- Payments scheduled twice a week when invoice approved – no longer two week delay for service provider notification

- BEAR payments only via electronic transfer to applicant

- Billed Entities will be paid directly to bank account

- New Form 498 and DUNS number will be required to receive payments from USAC

- Bank account information will be required

# Future Process

## Current Process

Applicant fills out BEAR, sends to provider → Provider signs BEAR-returns to applicant

Applicant sends BEAR to USAC

USAC approves funds → USAC notifies providers

USAC sends funds to provider

Provider forwards funds to applicant

## Direct Applicant Payment Process – beginning July 1, 2016

Applicant fills out BEAR online

USAC approves funds

USAC sends funds to applicant's bank account

## Direct Payment

- Banking Information collection available from applicants after new FCC Form 498 released

- Direct Payments begin July 1, 2016

- DUNS Lookup Tool:

    - http://e-ratecentral.com/us/stateInformation.asp?state=ID

# Who We Are?

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# Thank You!